

## Message Text

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ACTION EB-07

INFO OCT-01 AF-10 EUR-12 ISO-00 AID-05 CIAE-00 COME-00  
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04  
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-----041247Z 124878 /43

R 040952Z MAY 77  
FM AMEMBASSY ADDIS ABABA  
TO SECSTATE WASHDC 3818  
INFO AMEMBASSY PARIS  
AMCONGEN DJIBOUTI

UNCLAS ADDIS ABABA 02787

E.O. 11652: N/A  
TAGS: ECON EFIN ET  
SUBJECT: BALANCE OF PAYMENTS FOR CY 1976

1. SUMMARY: ETHIOPIA'S BALANCE OF PAYMENTS IMPROVED DURING CY 1976  
WITH BALANCE ON CURRENT AMOUNT ONLY US  
\$19 MILLION IN DEFICIT COMPARED TO US \$45.5 MILLION IN CY 1975.  
THE BALANCE OF TRADE DEFICIT WAS ABOUT THE SAME FOR BOTH YEARS BUT  
UNREQUIRED  
TRANSFERS INCREASED BY ABOUT US \$20 MILLION IN CY 1976.  
ETHIOPIA'S FOREIGN EXCHANGE RESERVES INCREASED BY US \$15.7  
MILLION TO US \$315.2 MILLION AS OF DEC . 31, 1976.  
PROSPECTS FOR CY 1977 ARE EXCELLENT OWING TO HIGH COFFEE PRICES.  
END SUMMARY.

2. THE NATIONAL BANK OF ETHIOPIA (NBE) RECENTLY RELEASED  
PROVISIONAL FIGURES ON ETHIOPIA'S BALANCE OF PAYMENTS FOR CY 1976.  
NBE USES THE IMF PRESCRIBED  
FORMAT AS FOLLOWS:

TABLE A  
BALANCE OF PAYMENTS  
CY- MILLIONS OF US DOLLARS

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	1975	1976
GOODS, SERVICES & UNREQUIRED		
TRANSFERS	- 45.5	- 19.
EXPORTS FOB	241.7	281.8
IMPORTS FOB	284.7	323.4
NON-MONETARY GOLD		.2
SERVICE CREDIT	113.5	107.3

SERVICE DEBIT	156.1	145.7
UNREQUIRED TRANSFERS- PRIVATE	40.1A	21.4
UNREQUITED TRANSFERS - GOVERNMENT		39.3
CAPITAL, EXCLUDING RESERVES AND RELATED TERMS	63.	40.
DIRECT INVESTMENT	19.2	3.2
OTHER PRIVATE LON-TERM CAPITAL	- 2.1	- 1.5
OTHER PRIVATE SHORT-TERM CAPITAL	- 9.4	- 20.1
GOVERNMENT LONG-TERM CAPITAL	55.2	58.4
RESERVES AND RELATED ITEMS	- 3.6	- 15.7
NET ERRORS AND OMISSIONS	- 13.8	- 5.3
NET GOLD AND FOREIGN EXCHANGE HOLDINGS (63-4 3,\$)	300.3	316.2

A- BREAKDOWN BETWEEN PRIVATE # PUBLIC NOT AVAILABLE.

3. IT SHOULD BE NOTED THAT ETHIOPIA'S BALANCE ON CURRENT ACCOUNT IMPROVED BY SOME US \$26 MILLION IN CY 1976 COMPARED WITH CY 1975 MAINLY BECAUSE OF MAJOR INCREASE UNREQUIRED TRANSFERS AND A SLIGHT REDUCTION IN THE SERVICES DEFICIT. ON THE CAPITAL ACCOUNT THE MAJOR CHANGE FROM 1975 TO 1976 IS THE SHARP INCREASE IN SHORT-TERM CAPITAL OUTFOLWS. ALTHOUGH WE ARE NOT CERTAIN WHICH ITEMS ARE INCLUDED IN THIS LINE ITEM, WE BELIEVE THIS OUTFLOW SHOULD DECLINE THIS YEAR.

4. ETHIOPIA'S TRADE ACCOUNT IS SET FORTH IN THE FOLLOWING TABLES:

TABLE B  
CY- MILLIONS OF BIRR  
1975 1976

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EXPORTS	241.7	281.8
1. COFFEE	74.1	157.6
2. PULSES	31.5	27.1
3. HIDES AND SKINS	16.7	26.9
4. OIL SEEDS	40.8	15.1
5. OTHER	78.5	55.1
IMPORTS	284.7	323.4
1. PETROLEUM PRODUCTS	68.8	53.9
2. TEXTILES	22.6	37.5
3. MACHINERY, INCLUDING AIRCRAFT	37.3	62.0
4. ROAD MOTOR VEHICLES	36.6	43.7
5. OTHER	119.5	126.3

TABLE C  
IMPORTS BY END USE (CIF)

CONSUMER TOODS			INTERMEDIATE GOODS			CAPITAL GOODS			TOTAL
YEAR	VALUE	PERCENT	VALUE	PERCENT	VALUE	PERCENT			
1974	109.4	38	127.2	44	48.	17	286.5		
1975	116.	37	152.9	49	43.8	14	314.5		
1976	114.1	32	130.	37	105.7	30	354.4		

THE REDUCTION IN PETROLEUM IMPORTS IN CY 1976 REFLECTS  
BOOKKEEPING ANOMALIES RATHER THAN A REDUCTION IN VOLUME AND THE SHARP

INCREASE IN CAPITAL GOODS IS MORE A REFLECTION OF INCREASED  
MILITARY IMPORTS THAN CIVILIAN INVESTMENT ITEMS  
ALTHOUGH THESE ALSO INCREASED SOMEWHAT IN CY 1976  
COMPARED TO CY 1975.

5. ETHIOPIA'S PROSPECTS FOR CY 1977 ARE, NEEDLESS TO SAY,  
EXCELLENT BECAUSE OF HIGH AND RISING COFFEE PRICES.  
THE ONLY POTENTIAL PROBLEM IS MOVING THE CROP INTO  
THE INTERNATIONAL MARKETS AS FARMERS ARE HOLDING ONTO  
THEIR SUPPLIES IN HOPES OF EVEN HIGHER PRICES.  
THERE IS ALSO A POSSIBILITY OF INCREASED SMUGGLING AS THE TAX  
BITE INCREASES ( SEE 76 ADDIS 12260)  
BUT SO FAR THERE IS LITTLE OR NO EVIDENCE THAT SMUGGLING IS  
ABOVE TRADITIONAL LEVELS. .  
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ASSUMING ETHIOPIA EXPORTS 70,000 MT OF COFFEE THIS  
CY AT UF \$3.00 PER LB. FOB DJIBOUTI, EXPORT EARNINGS  
FROM THIS PRODUCT ALONE WILL AMOUNT TO US \$462 MILLION.  
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## Message Attributes

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